

Option (1) Increase the Taxable Wage Base

a) Definition:

The taxable wage base represents the maximum amount of wages paid to an employee by an employer during a tax year which are subject to UI taxes wages above this amount are not subject to tax.

b) Current Policy/Practice:

The current taxable wage base in South Carolina is \$7,000.00.

c) Other States' Practice In This Area:

The minimum taxable wage base is \$7,000.00 as set forth by the Federal Unemployment Tax Act (FUTA). Taxable wage bases range from \$7,000.00 to as high as \$35,700.00. Four of the eight states in the Southeast Region (NC/SC/GA/FL/AL/MS/TN/KY) have a taxable wage base of \$7,000.00.

d) Proposed Change:

We would propose to increase the taxable wage base to \$20,000.00. This would produce approximately \$415.1 million in additional revenue. For every \$1,000.00 increase in the taxable wage base there is a projected additional \$31.9 million worth of contributions collected.

e) Estimated Fiscal Impact on Fund Per Year:

\$415.1 million assuming similar economic conditions.

f) Pros and Cons of This Change:

Pros –Additional revenue will be generated to reduce the amount of Federal loans required.

Cons –Employers will incur additional taxes.

g) Required Action to Implement:

Legislative

h) Time Frame Required for Implementation:

One calendar quarter for the Agency. Employers may need more lead time for programming changes.

i) Impact on Agency in Implementation:

Time required for programming. Modifications.

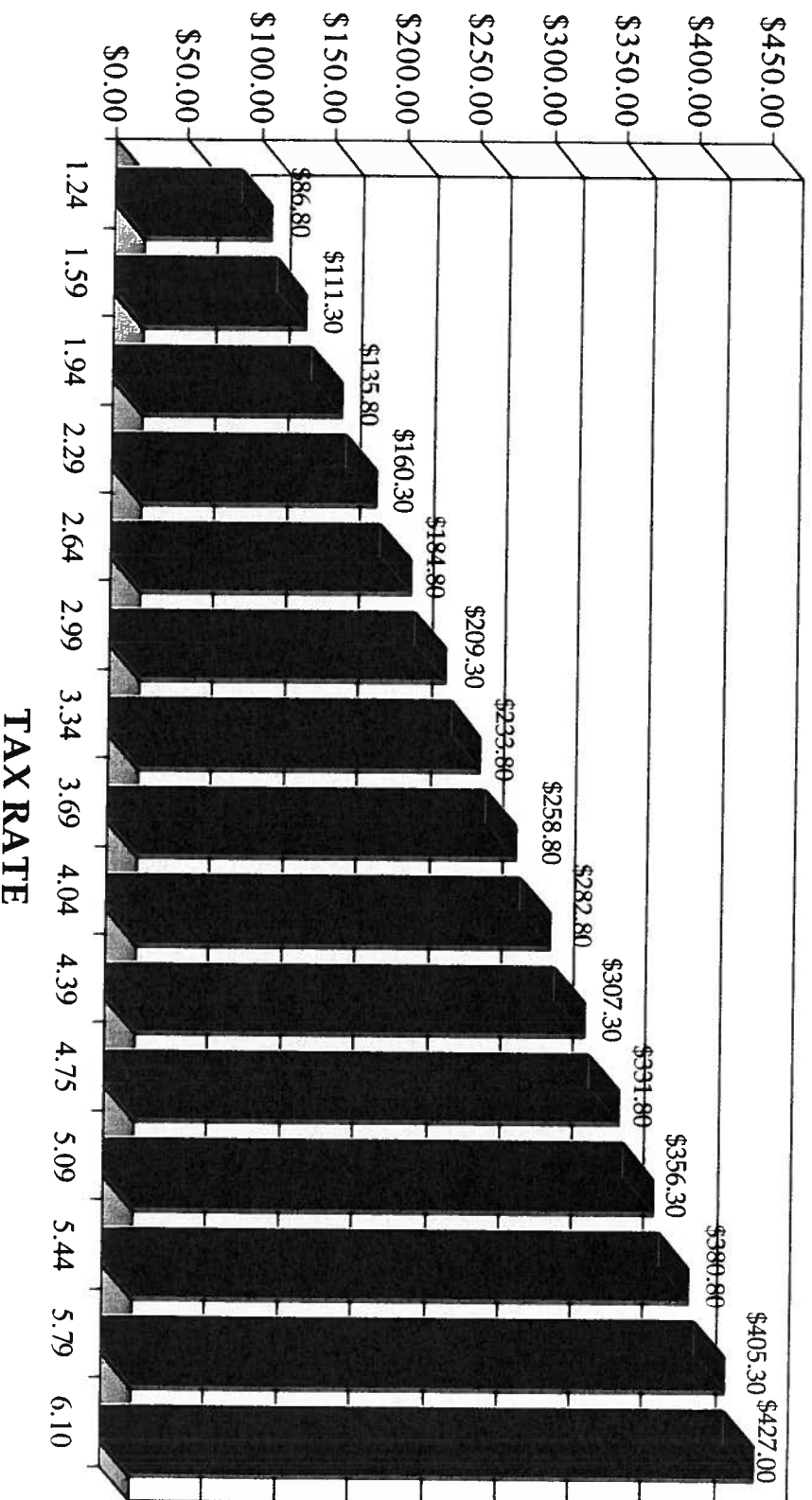
j) Agency Recommendation:

Yes

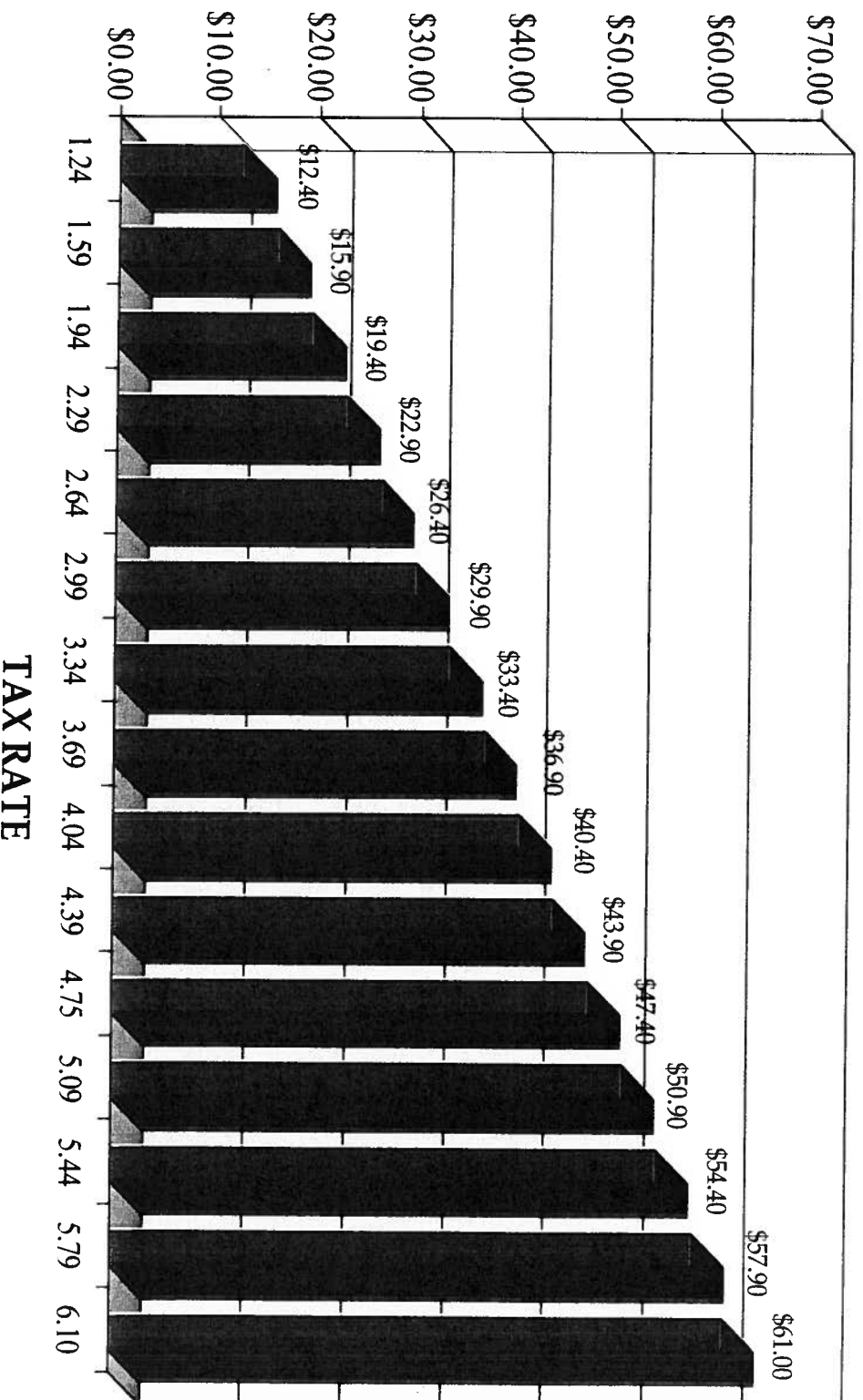
k) Other Comments/Considerations:

A change to the taxable wage base would affect all employers in the same manner.

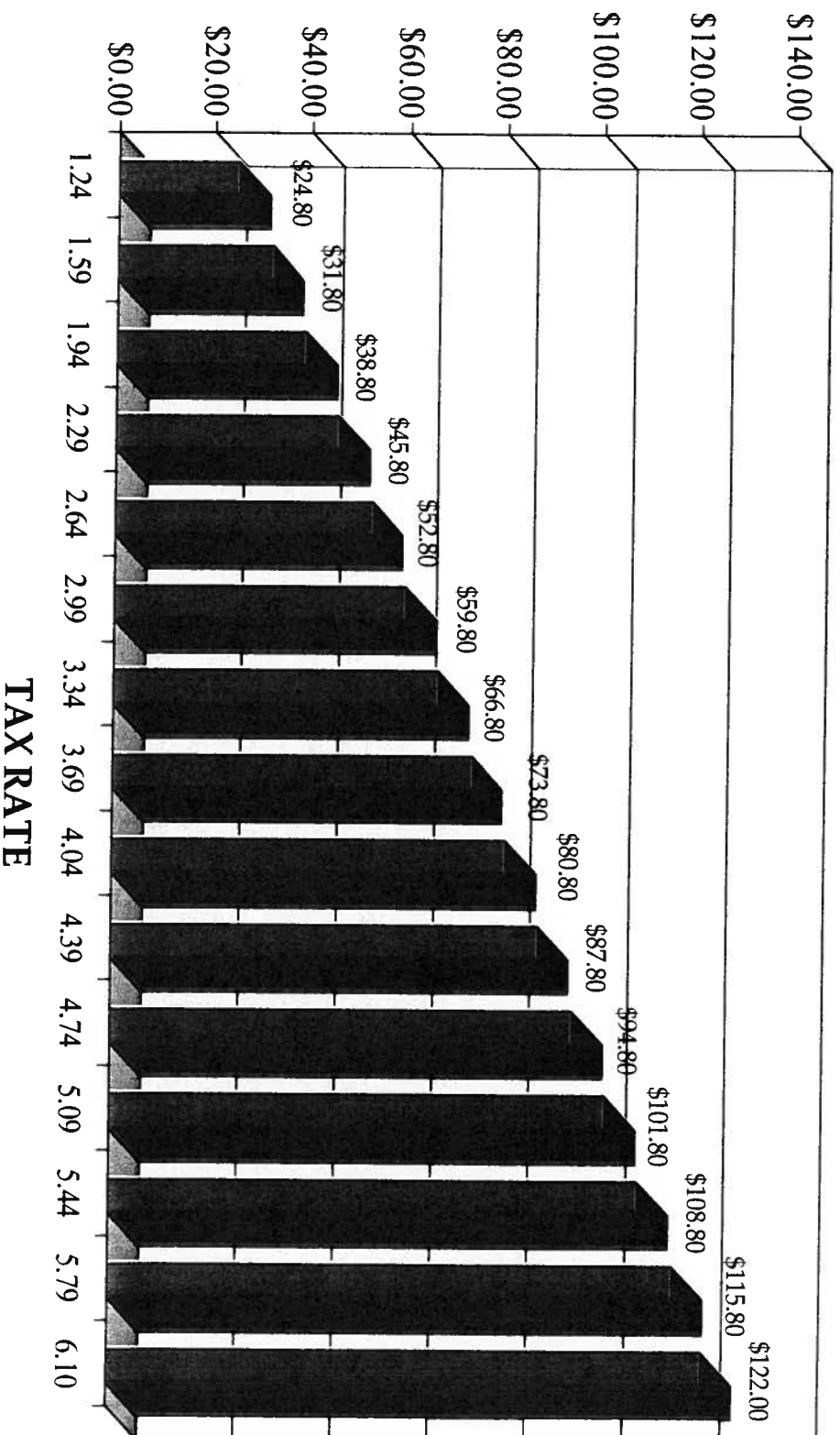
South Carolina Cost Per Employee Taxable Wage Base \$7,000



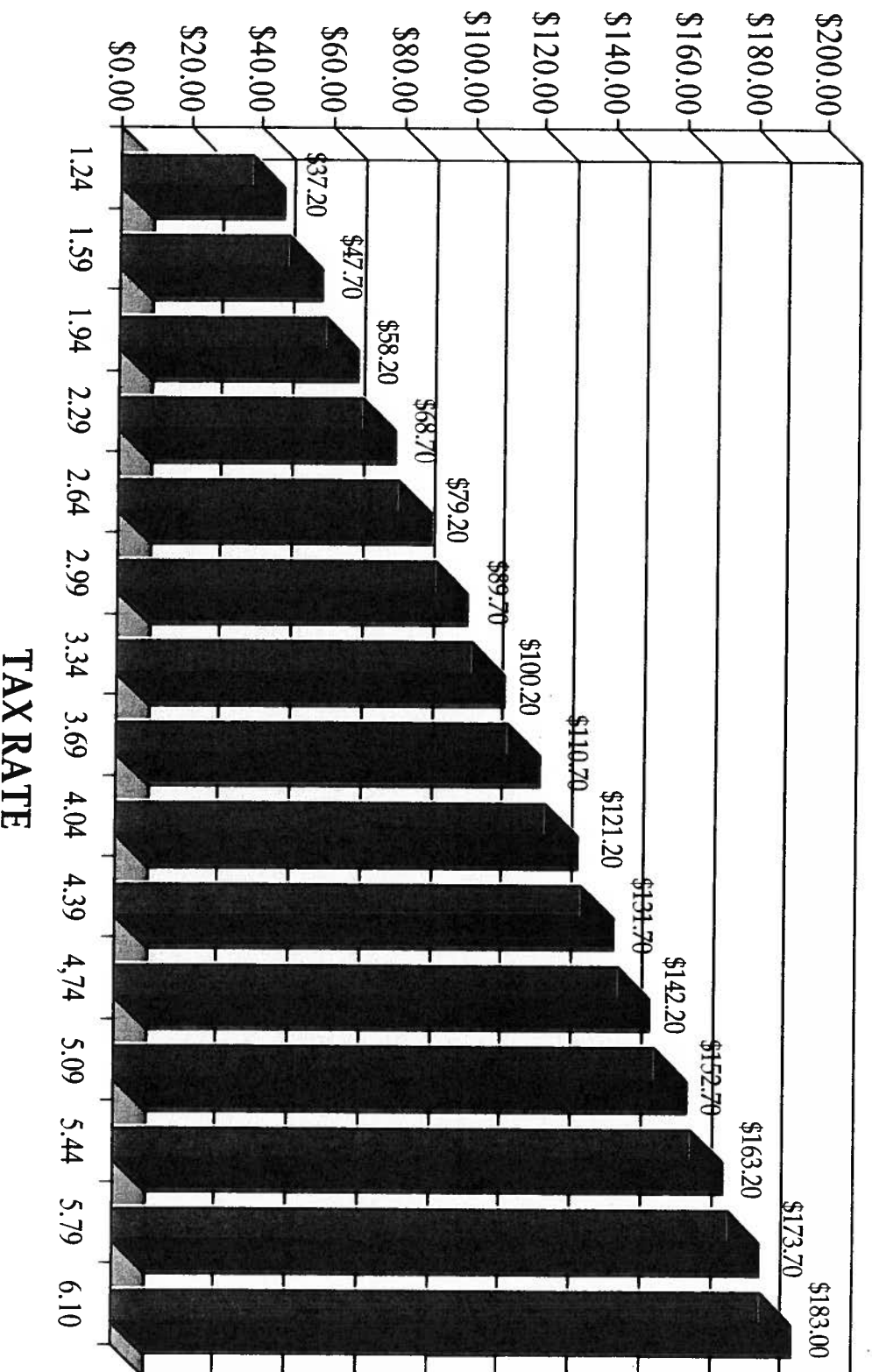
South Carolina Additional Cost Per Employee Taxable Wage Base \$8,000



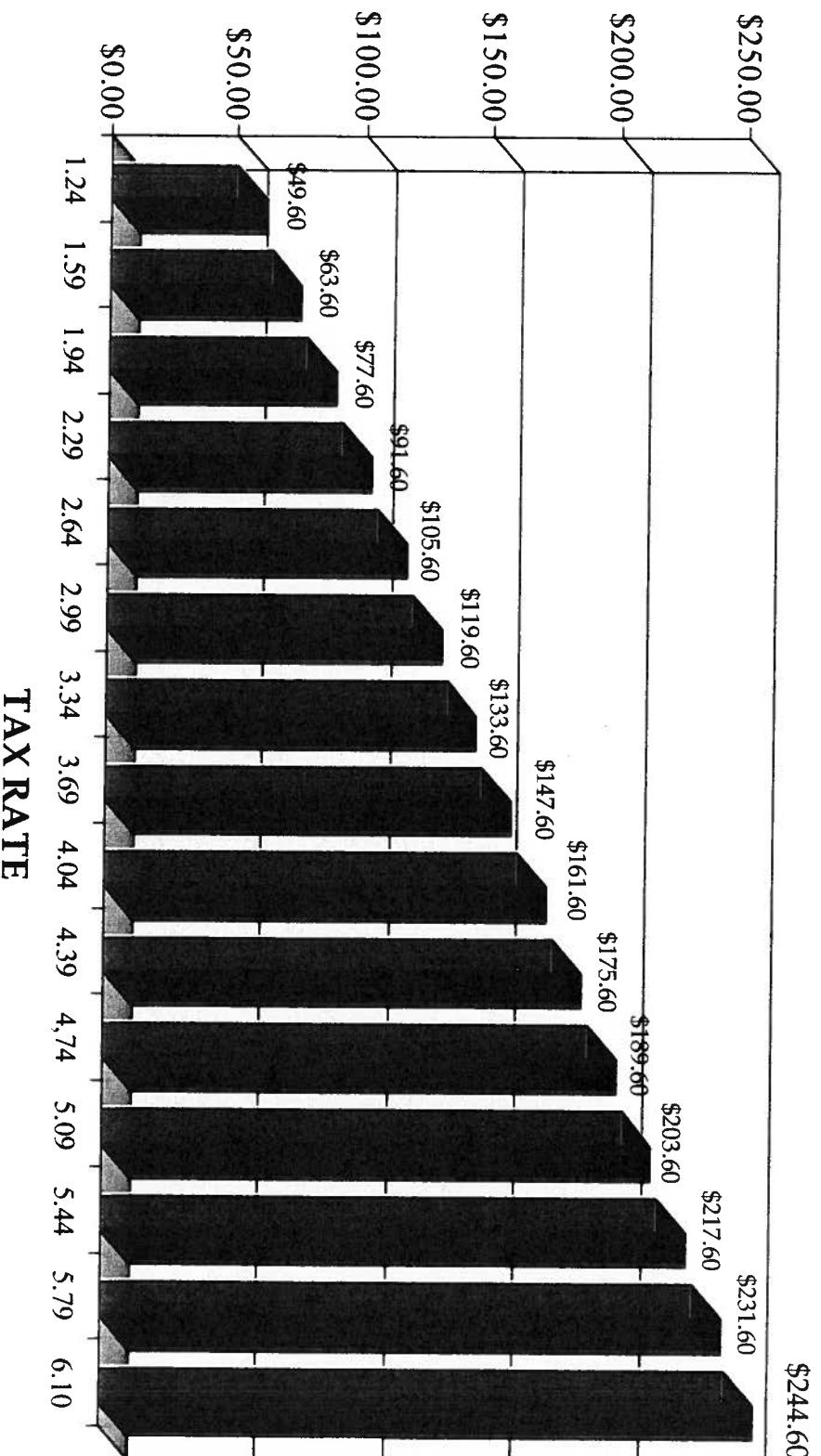
South Carolina **Additional Cost Per Employee** **Taxable Wage Base \$9,000**



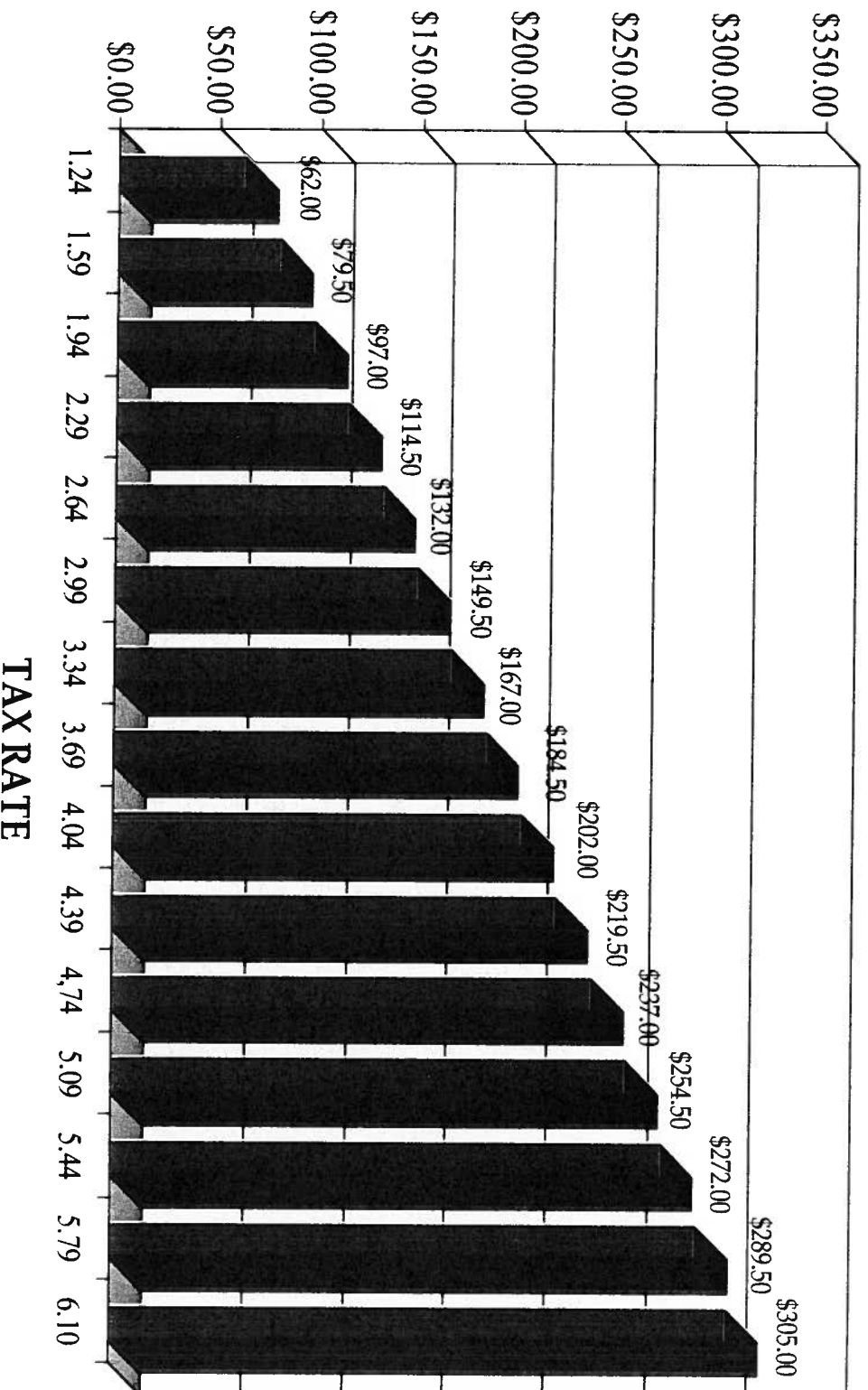
South Carolina **Additional Cost Per Employee** **Taxable Wage Base \$10,000**



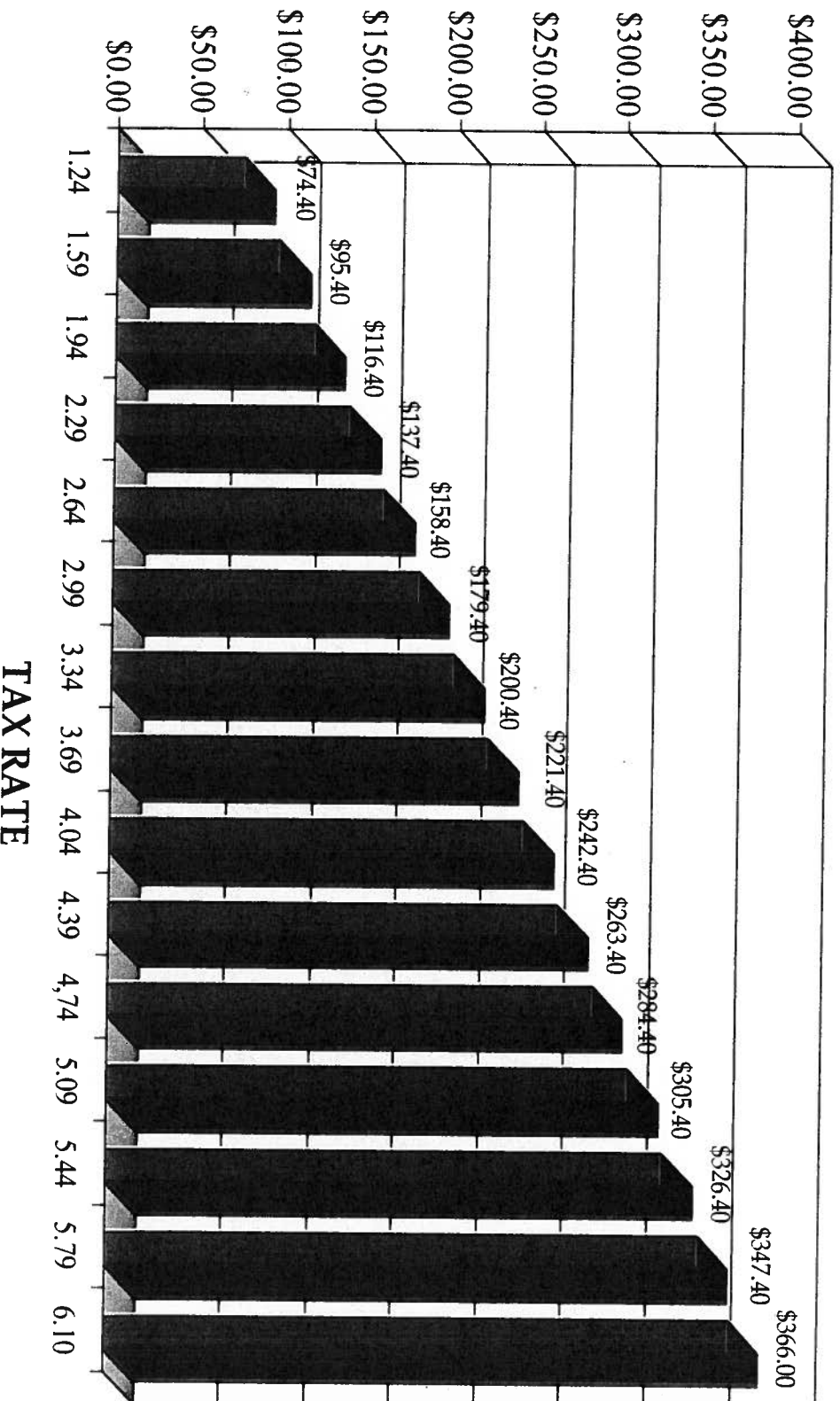
South Carolina **Additional Cost Per Employee** **Taxable Wage Base \$11,000**



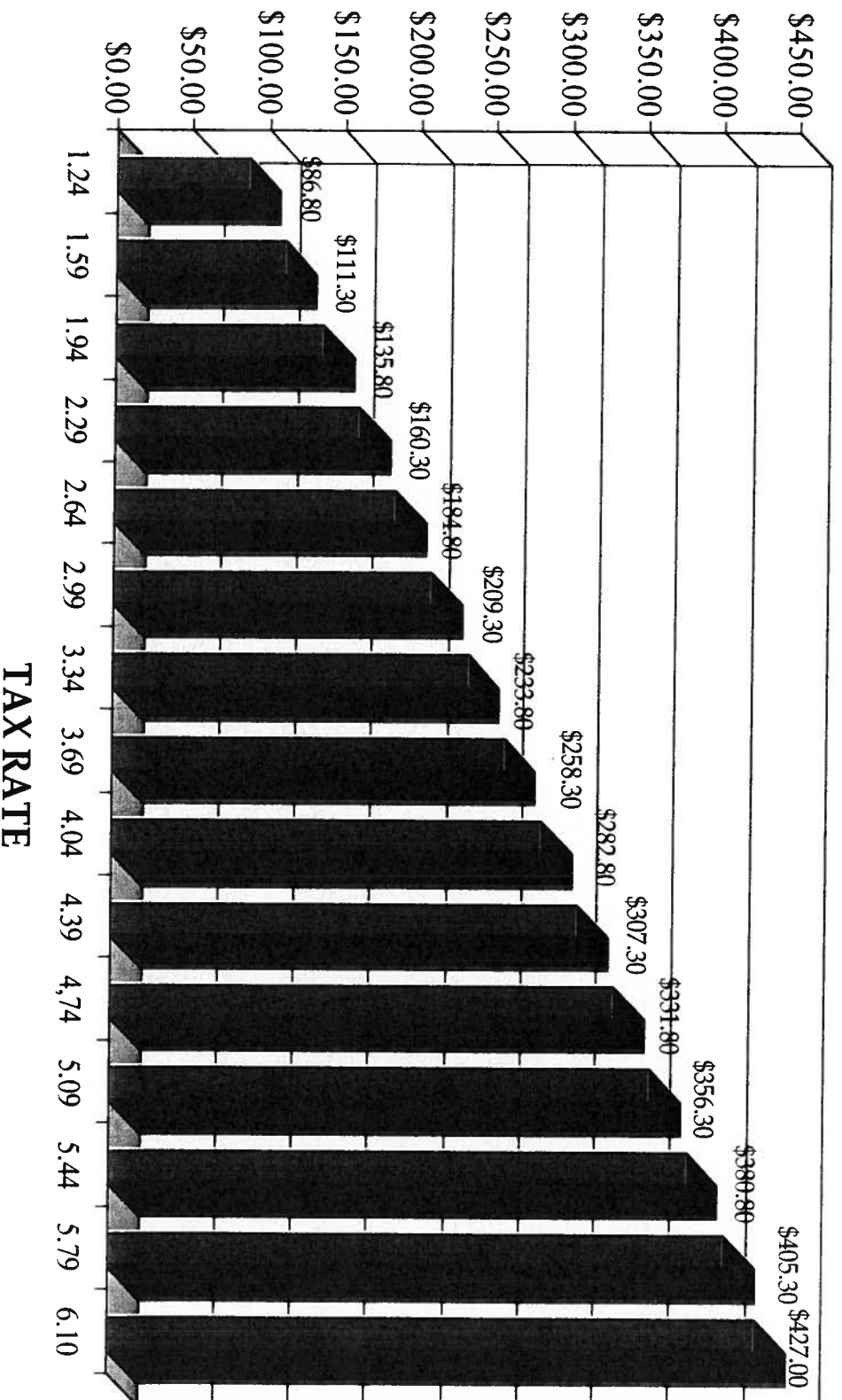
South Carolina Additional Cost Per Employee Taxable Wage Base \$12,000



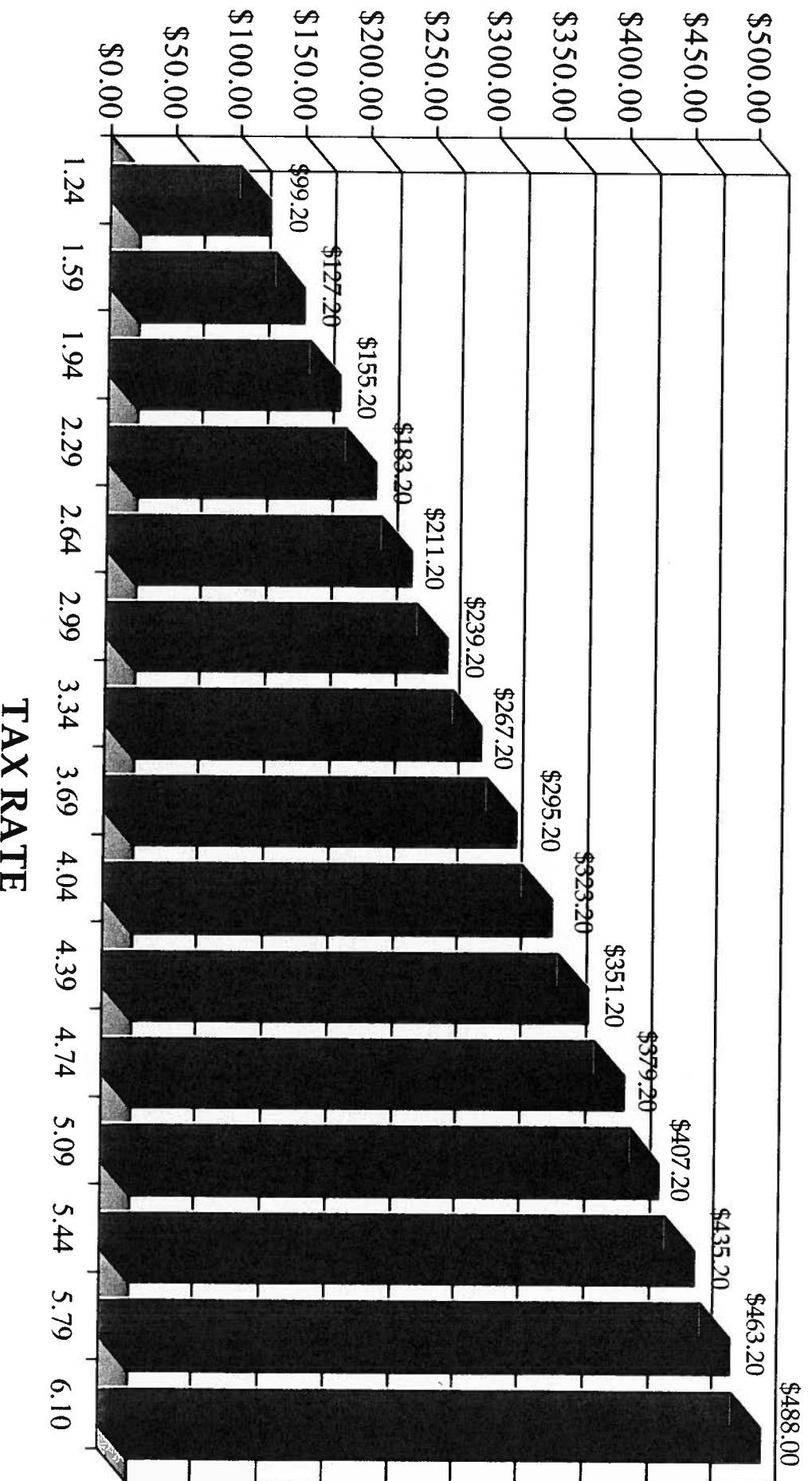
South Carolina **Additional Cost Per Employee** **Taxable Wage Base \$13,000**



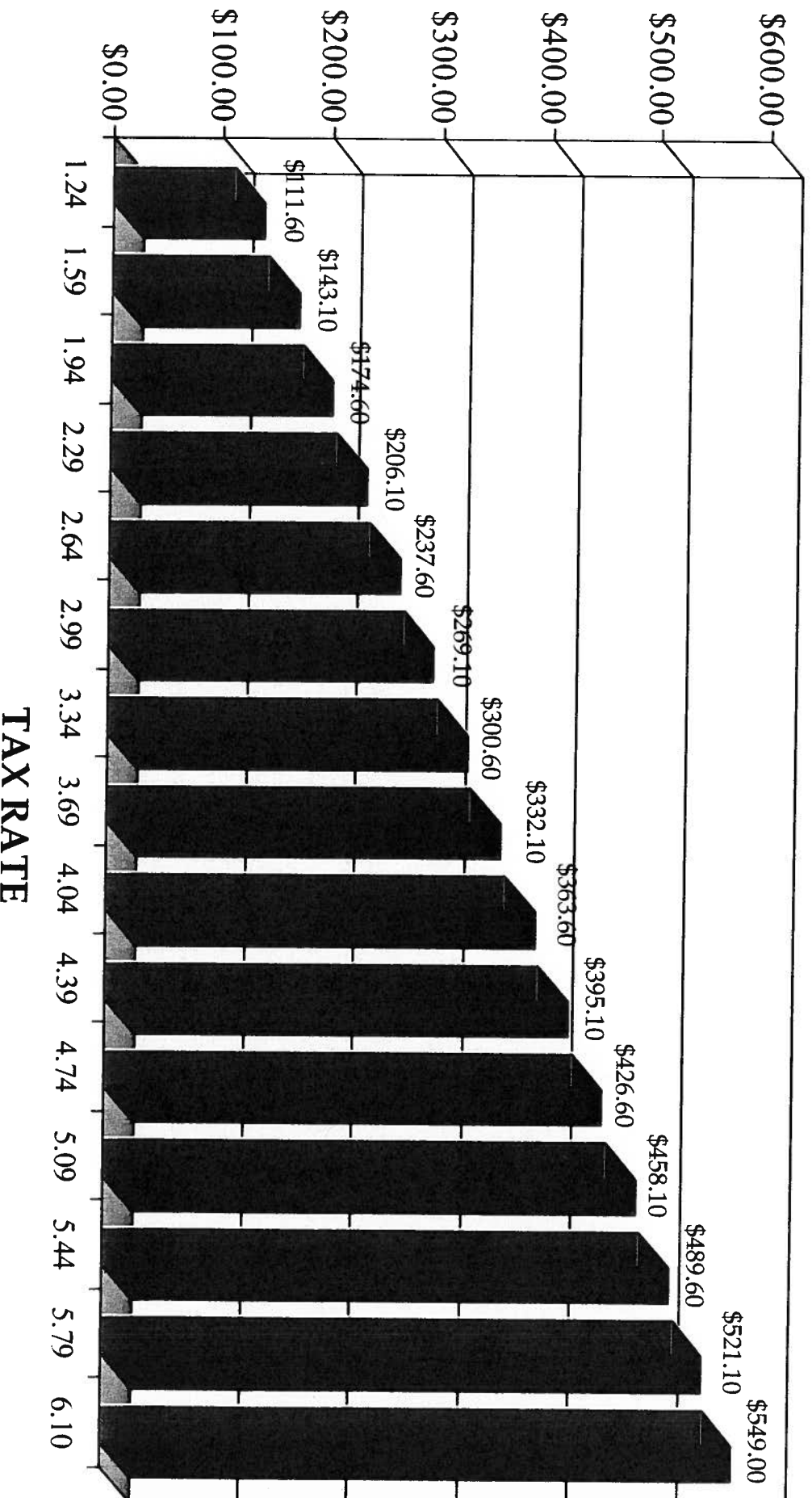
South Carolina **Additional Cost Per Employee** **Taxable Wage Base \$14,000**



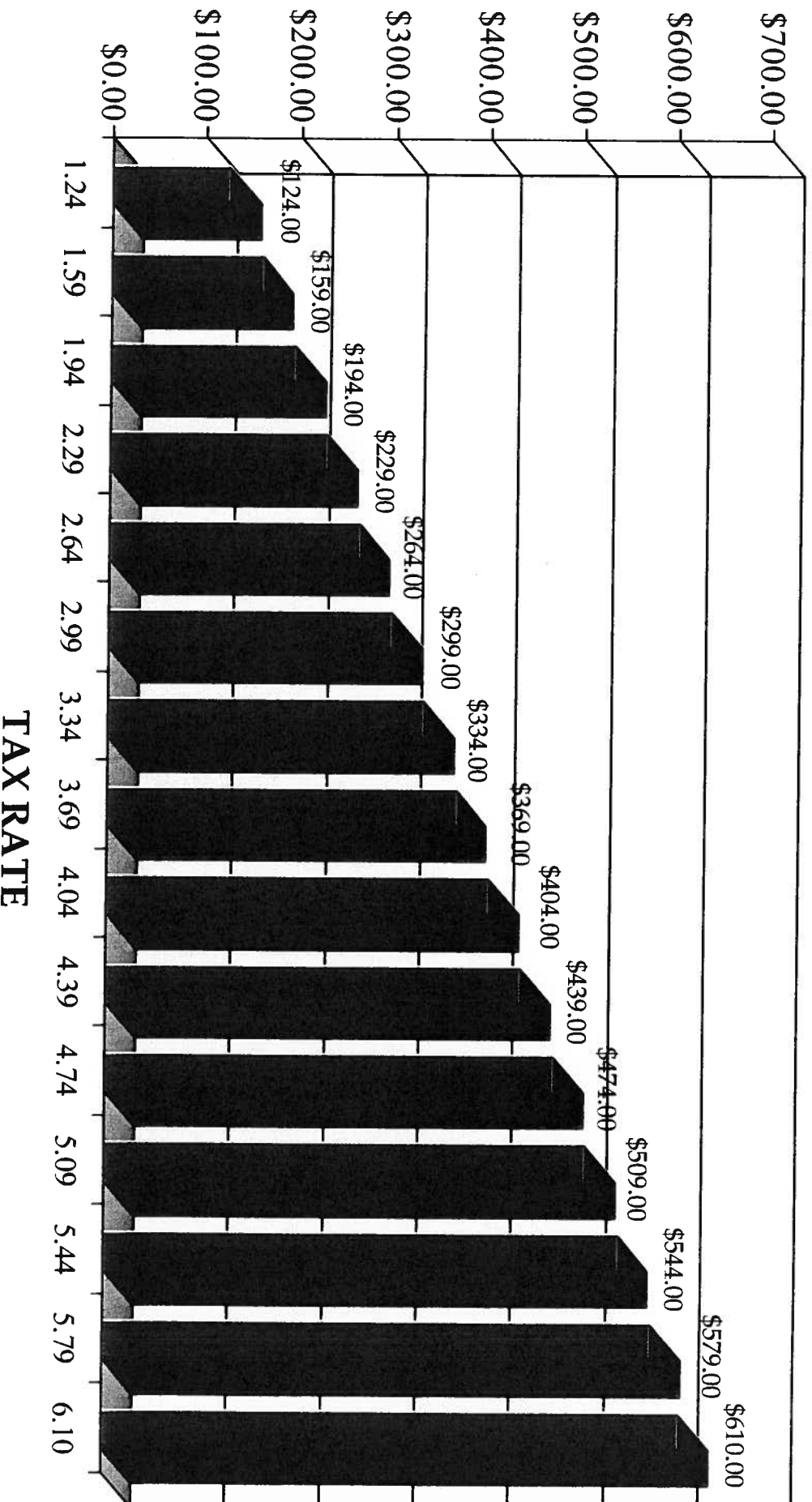
South Carolina Additional Cost Per Employee Taxable Wage Base \$15,000



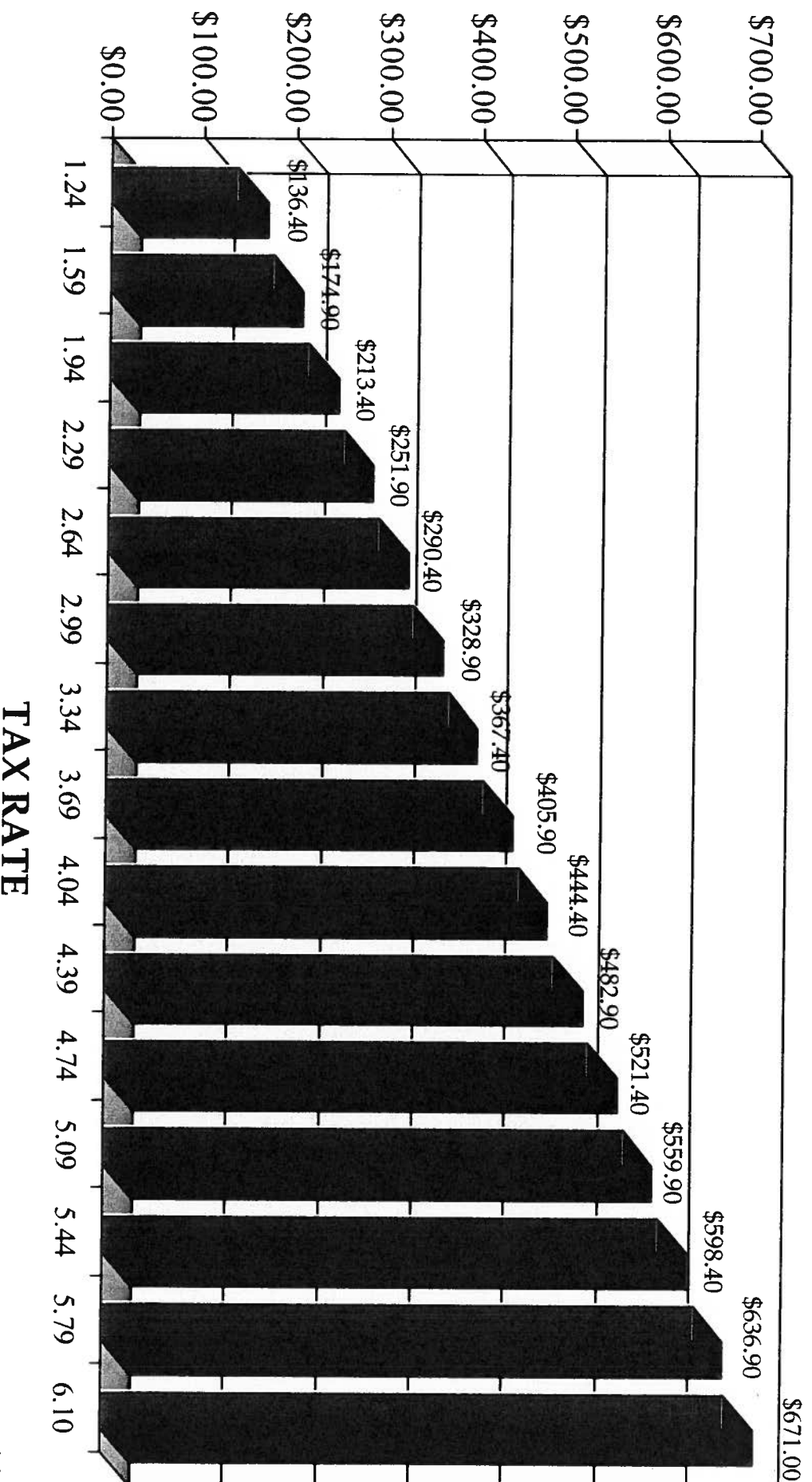
South Carolina
Additional Cost Per Employee
Taxable Wage Base \$16,000



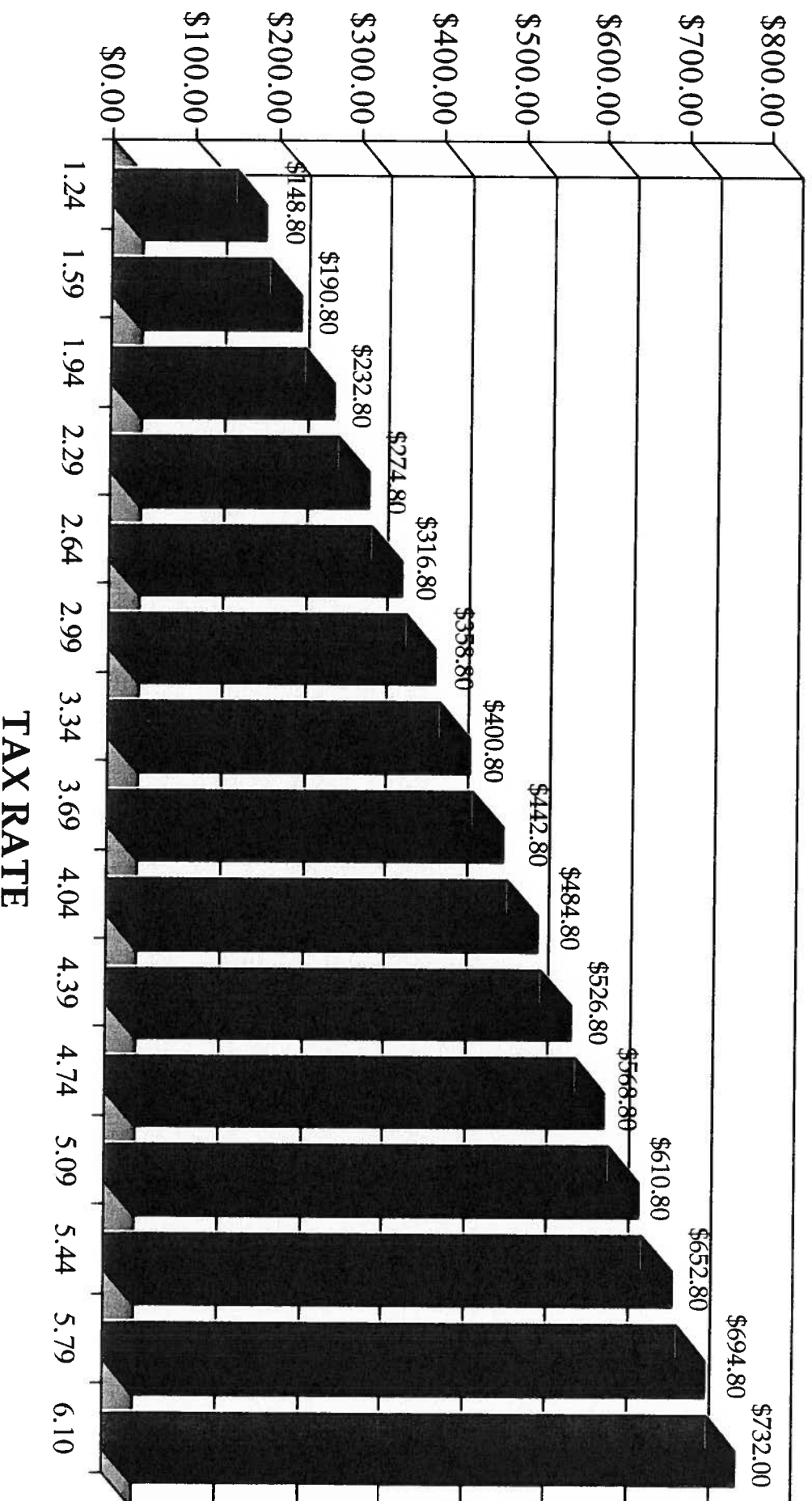
South Carolina Additional Cost Per Employee Taxable Wage Base \$17,000



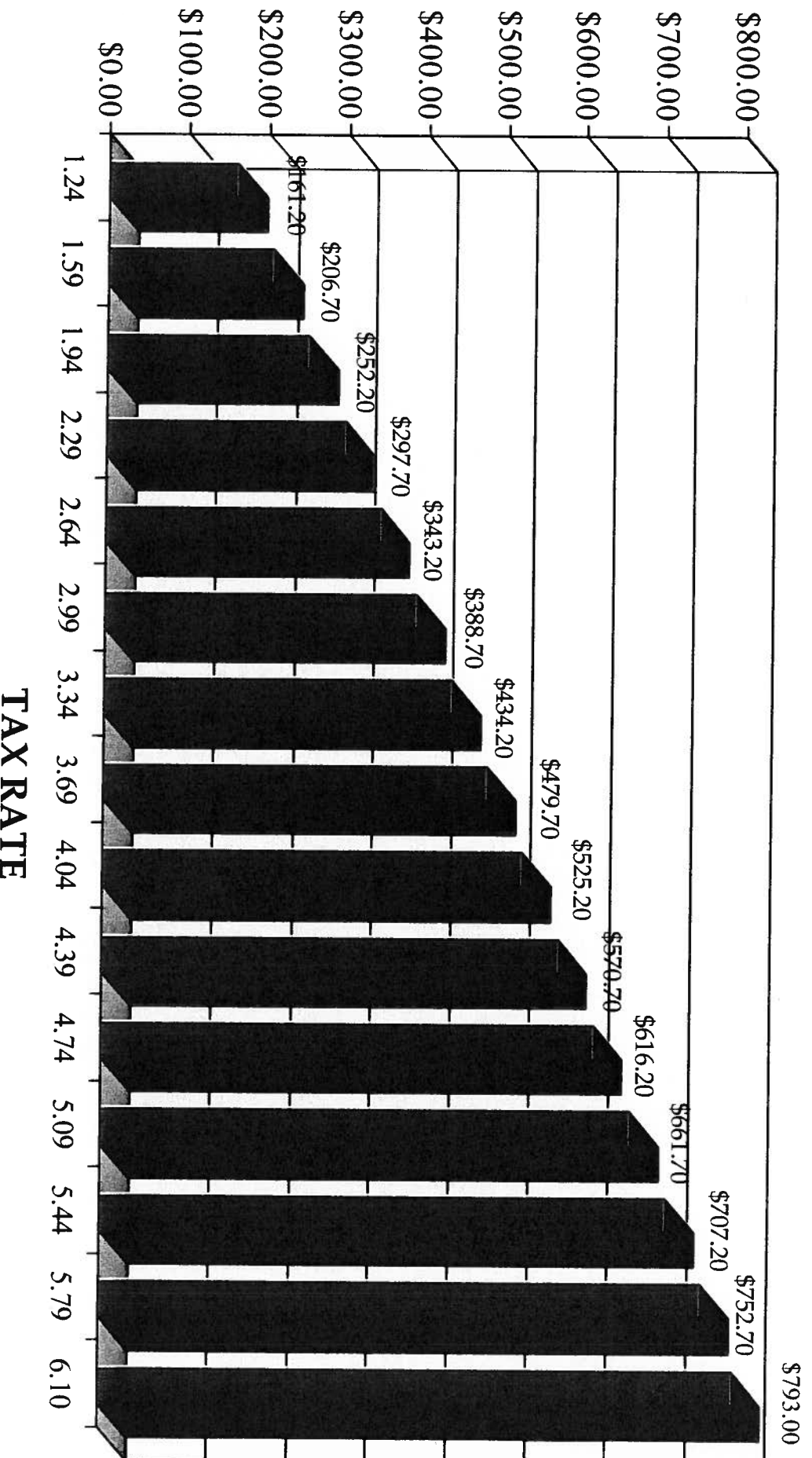
South Carolina
Additional Cost Per Employee
Taxable Wage Base \$18,000



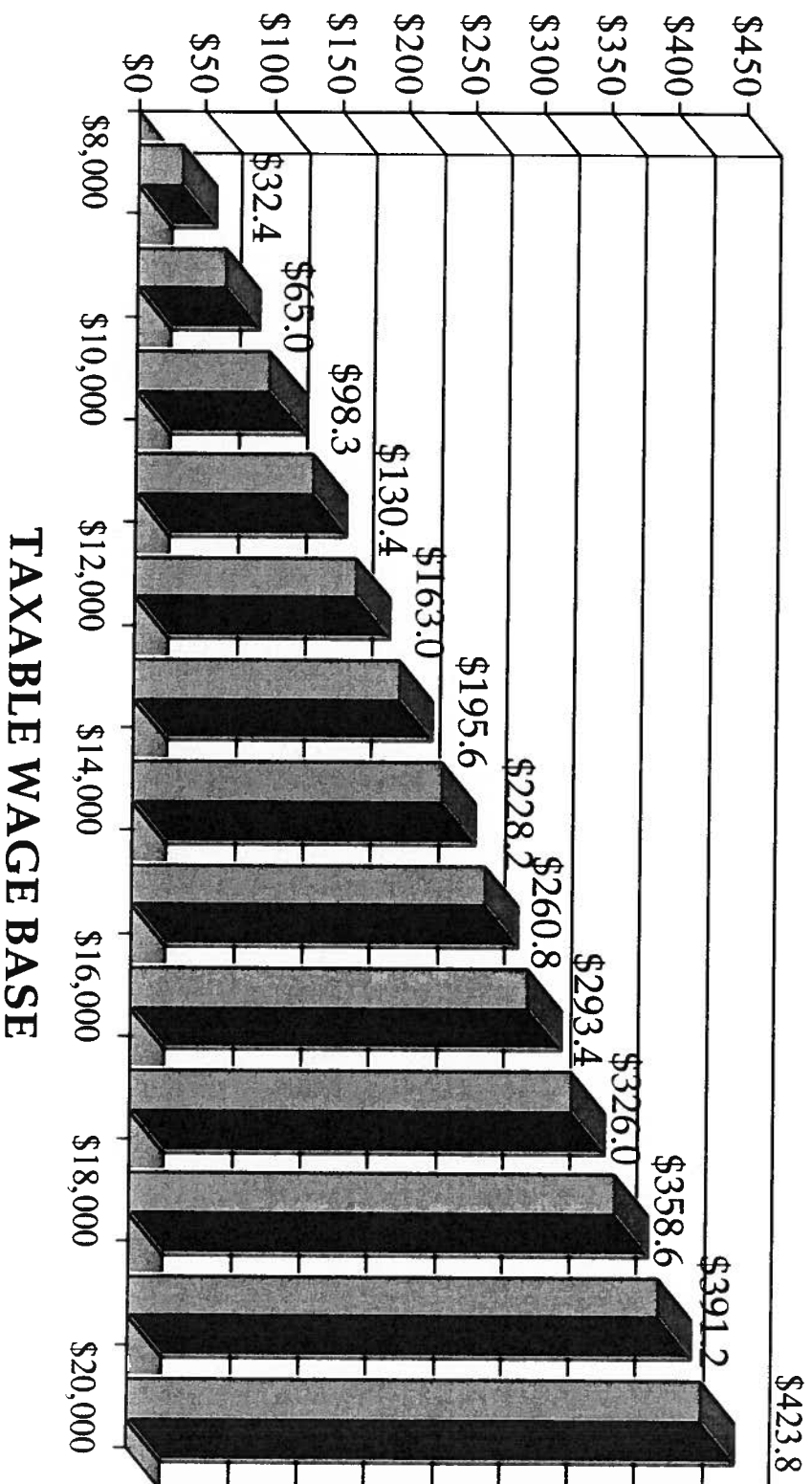
South Carolina
Additional Cost Per Employee
Taxable Wage Base \$19,000



South Carolina
Additional Cost Per Employee
Taxable Wage Base \$20,000



South Carolina Projected Additional Taxes Collected Under Various Taxable Wage Base Increases



Projected Additional Taxes Collected in Millions